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DE RUEHTL #0305/01 2790958
ZNY CCCCC ZZH
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FM AMEMBASSY TALLINN
TO RUEHC/SECSTATE WASHDC 0150
INFO RUEHHE/AMEMBASSY HELSINKI 0004
RUEHMO/AMEMBASSY MOSCOW 0015
RUEHRA/AMEMBASSY RIGA 0022
RUEHVL/AMEMBASSY VILNIUS 0021

C O N F I D E N T I A L TALLINN 000305

SIPDIS
AMEMBASSY HELSINKI PASS TO AMCONSUL ST PETERSBURG

E.O. 12958: DECL: 2019/10/06
TAGS: [PGOV](#) [PREL](#) [ECON](#) [EN](#)
SUBJECT: Relations with Russia, From Estonia's Russian East

CLASSIFIED BY: Marc Nordberg, Political/Economic Chief; REASON:
1.4(B), (D)

Classified by Charge Karen Decker for Reasons 1.4 B&D.

¶1. (U) Summary: Pol/Econ Chief recently visited Narva, in north-eastern Estonia, a city that sits (literally) on the EU's bridge to Russia. Narva is overwhelmingly ethnically and linguistically Russian, yet Emboff found that the city's ties to Russia are few and growing weaker. Students prefer to study, and workers to work, in the EU. Local residents feel at home neither in Russia nor in the rest of Estonia. Moreover, while they often visit Russia, they do not have the romanticized view of Russia that Russian-speakers in Tallinn hold. Local government does little business with Russia, partially a result of cool relations between Tallinn and Moscow. Local Customs officials report they have good cooperation with their working-level Russian counterparts, but that Moscow has told Russian border officials to keep contact limited. Economic ties are stronger, with Russian companies investing in eastern Estonia, but cross border trade is hampered by an inefficient Russian border regime. Even with declining ties, the Chair of the City Council is likely to use feelings of pride in Russian history for political gain when he erects a statue of Peter the Great in the near future. Such a move will increase Russian speakers support for the opposition, but also drive ethnic Russians and Estonians further apart. End summary.

¶2. (U) Pol/Econ Chief visited the Estonian border city of Narva on September 23 and 24 as part of the embassy's Regional Outreach Program. In accordance with the Mission Strategic Plan goal of reaching out to local Russian-speakers, Pol/Econ Chief spoke to students at two schools and conducted an hour-long interview for local Russian-language radio. Narva is on the Russian border, just across a small river from Ivangorod, and has a population of 67,000, 97 percent of whom are Russian citizens. Narva, along with the Lasnamae district in Tallinn, are the main homes to Estonia's Russian minority. Narva was rebuilt almost entirely after World War II and settled by migrant Russian blue-collar workers. As such, Narva very much feels like a Russian city.

Local Government Woes

¶3. (C) Mikhail Stalnuhin, Chairman of the Narva City Council, is the most powerful politician in the city. He explained that most

people in Narva heartily dislike Prime Minister Ansip ("Ansip is an idiot"), and not only for his role in the April 2007 Bronze Soldier riots. Stalnuhin griped to Emboff that Ansip's desire to join the euro zone has been disastrous for municipalities. Narva was given 904 million EEK in its 2009 budget. This included 114 million EEK in credit and loans, but early in the year the GOE told cities they would not be allowed to use loans this year, as the GOE needed to keep its budget deficit under three percent to qualify for the euro. Stalnuhin said that Tallinn and Narva have both taken the GOE to court to challenge this ruling. (Comment: the political leadership in both Tallinn and Narva are in the opposition to Ansip's government, so there is a political dimension to this move as well.) Further, he said Narva lost another USD one million when the GOE cut the share of income tax paid to cities (from 12.93% of income to 12.43%), and lost more when funds from the GOE for road repairs fell from 30 million to 9 million EEK. As a result of cuts, Narva faces a budget deficit of 40 million EEK this year. At the same time unemployment in the city reached 20 percent. Last January, 23,000 Narvans were employed (and paying income taxes). That has fallen to 22,500, while another 3,000 workers have returned to Narva after losing jobs in Finland and Tallinn. Even with these problems, Stalnuhin stressed the situation is better than in 1998.

14. (C) Despite Narva being an ethnically Russian city, Stalnuhin (himself speaking Russian) said his city has few ties with neighboring Ivangorod. The two have a joint project rehabilitating the river's banks, but that is the extent of practical cooperation. Local relations soured recently over a dam between the towns. Each

country inherited half the dam when the Soviet Union collapsed, and traditionally Russia has maintained the structure. Recently the GOE turned down a Russian offer to renovate the sluices on the Estonian side. Stalnuhin blamed Russophobia in Tallinn for this decision. This dam controls a reservoir needed for the Narva Power plant, which produces much of Estonia's electricity.

Legacy of Peter the Great

15. (C) Stalnuhin had in his office a statue of Peter the Great that he intends to erect in Narva. This statue has already attracted controversy, particularly as several ethnic Estonian politicians, including PM Ansip, have publicly opposed the statue, citing Peter the Great as a "conqueror" of Estonia. Stalnuhin said he would erect the statue within three weeks, using privately donated money and on privately owned land. He said this was necessary to prevent the GOE from blocking the statue. Stalnuhin would not say exactly when or where he would put up the statue, citing the public controversy. (Comment: The three week deadline places the time near the October 18 local elections. Stalnuhin is a member of the opposition Center Party, and would possibly use the statue, and the inevitable negative response from the GOE, to boost support for Center among Russian-speakers. End comment).

Russian Border Very Slow

16. (U) Pol/Econ Chief toured the Estonian side of Narva's border crossing and spoke with Customs officials. Driving to Narva, hundreds of trucks can be seen parked alongside the highway. Customs explained that trucks wait up to six days to cross into

Russia, because of delays on the Russian side. Although the Russian Customs point is larger, its officers work much slower (a view seconded by the Narva Business Center). While the Estonian side can process up to 400 trucks a day, the Russian side can only handle 70. The Russian side also focuses on clearing trucks leaving Russia, so those wait for less than ten hours (another factor is that 90 percent of trucks entering Russia carry cargo, while 50 percent leaving are empty). The customs posts in both Narva and Ivangorod are in the middle of the cities, causing problems for both local governments. Stalnuhin complained the trucks clog and damage city roads, while he receives no money from the state for repairs. Estonian Customs officers told us the GOE has several times proposed building a new border crossing outside the cities, but the Russian side has not responded. Estonian Customs and Border Guards have good working-level cooperation with their Russian counterparts (something we've also heard from GOE authorities in Tallinn). The Estonian side would like more contact, but said their Russian counterparts are under orders from Moscow to limit cooperation. Each day 1,200 pedestrians and 800 cars cross at this border point - with cars waiting an average of ten hours. Previously, it was not uncommon for people to live in Estonia and work in Russia, and vice versa, but Customs said that has become rare due to the economic crisis.

Narva Not Russia, Not Estonia, but Looking West

17. (U) Pol/Econ Chief spoke with students and staff at Narva College, a branch of Tartu University, and at a local high school. They explained that they do not feel Russian or Estonian, but somewhere in the middle. In Russia, they are told they do not

really speak Russian (comment: they do, but with a slight accent). Many students are now eager to learn Estonian, knowing it is needed to receive a good job. Many others are focusing on English or German, with the goal of emigrating from Estonia. The high school principal said none of his students go to university in Russia anymore, while it is common for them to study in the EU - especially Sweden. Of the 755 students in his school, 90 percent are Estonian citizens. At Narva College there were even several ethnic Estonian students who decided to study in Narva to improve their Russian.

18. (C) Sergei Stepanov, editor of the local paper Narvskaa Gazeta, gave a more pessimistic view. He explained the GOE and political parties (even those who cater to the Russian vote) have excluded the Russian-speakers from any meaningful role in politics. In his view, Estonians will allow Russians to participate only after they have apologized for occupying Estonia. This exclusion allows extremists among the Russian population to appear. Even so, he claimed the Russian-speakers in Narva are not fans of Russia. Narvans often visit Russia, and see the bad roads, poor medical care, decrepit housing and rampant corruption, and know life is better in Estonia. In contrast, Russian-speakers in the Tallinn suburb of Lasnamae only know Russia from Russian TV, and so have a romanticized image of that country.

Even Economics Politicized

19. (C) Vitali Sergeev, Chief Executive of the Narva Business Center, provided the numbers. Idu-Virumaa County has 13.5 percent

of Estonia's population (179,000 people in the county), and generates 16 percent of GDP. The county population is 80 percent Russian-speaking. Idu-Virumaa has 100 percent of Estonia's chemical and oil shale industry, 95 percent of electricity production, and 53 percent of total industry. The city of Narva itself accounts for 10 percent of Estonia's exports and 65 percent of its transit. However, Sergeev complained that the GOE tries to discourage foreign companies from investing in Idu-Virumaa, instead trying to steer them toward ethnic Estonian regions. The region does have some significant Russian investment: Sillamae Port is 50 percent owned by a Russian company, and other Russian firms are active in transit and oil. The regions' skilled workers are also being lured abroad by higher wages, especially to Finland.

¶10. (SBU) Comment: Estonia's ethnic Russians usually complain they do not fit into Estonian society and that the GOE's integration program really aims to assimilate, to turn Russians into Estonians. We heard these complaints on this trip as well, but also saw signs of slow progress. Ten years ago Estonia's Russian-speakers saw no point in learning Estonian. Now many students want to learn Estonian, for the economic prospects that become available. More importantly, many parents want their children to learn Estonian, recognizing that bilingual children have a strong advantage in the job market. Even those who only do the bare minimum of required language classes are looking west, to the EU, rather than to Russia for their future. Integration is also becoming (slowly) a two-way street, with some ethnic Estonians now moving to Narva to learn Russian. It was heartening to see that, despite officially frosty relations, local officials and border guards are able to cooperate with their Russian counterparts when needed. While progress on integration is slow, many realize this is a project that will take generations. In the meantime, the GOE should make concessions (such as on Peter the Great) to keep the situation calm and avoid any repeat of the April 2007 riots.
DECKER